

*Township of Columbia*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2008*

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## INDEPENDENT AUDITORS' REPORT

**Members of the Township Board  
Township of Columbia, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Columbia, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Columbia, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly and in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Columbia, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Columbia, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.



1958-2008

Members of the Township Board  
Township of Columbia, Michigan  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Columbia, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

September 16, 2008

## **BASIC FINANCIAL STATEMENTS**

**Township of Columbia**  
**STATEMENT OF NET ASSETS**  
March 31, 2008

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	<b><u>Governmental activities</u></b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,568,134
Receivables, net	<u>166,774</u>
Total current assets	<u>1,734,908</u>
Noncurrent assets:	
Receivables due beyond one year	38,015
Capital assets not being depreciated - land	28,500
Capital assets being depreciated, net of accumulated depreciation	<u>815,912</u>
Total noncurrent assets	<u>882,427</u>
Total assets	<u>2,617,335</u>
<b>LIABILITIES</b>	
Current liabilities - payables	<u>39,655</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	844,412
Restricted for:	
Public safety	640,151
Public works	653,762
Health and welfare	14,860
Community and economic development	90,277
Unrestricted	<u>334,218</u>
Total net assets	<u>\$ 2,577,680</u>

See notes to financial statements

**Township of Columbia**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
Governmental activities:				
Legislative	\$ 5,377	\$ -	\$ -	\$ (5,377)
General government	182,654	40,896	-	(141,758)
Public safety	179,016	27,783	5,145	(146,088)
Public works	260,077	33,020	4,687	(222,370)
Health and welfare	28,568	-	-	(28,568)
Community and economic development	25,265	3,130	-	(22,135)
Culture and recreation	18,902	-	-	(18,902)
Interest on long-term debt	<u>4,070</u>	<u>-</u>	<u>-</u>	<u>(4,070)</u>
 Total governmental activities	 <u>\$ 703,929</u>	 <u>\$ 104,829</u>	 <u>\$ 9,832</u>	 <u>(589,268)</u>
 General revenues:				
Taxes				673,450
State grants				187,907
Investment income				34,022
Other				<u>4,426</u>
 Total general revenues				 <u>899,805</u>
 Change in net assets				 310,537
 Net assets - beginning				 <u>2,267,143</u>
 Net assets - ending				 \$ 2,577,680

See notes to financial statements

**Township of Columbia**  
**BALANCE SHEET - governmental funds**  
 March 31, 2008

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	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>
<b>ASSETS</b>				
Cash	\$ 323,971	\$ 596,971	\$ 551,847	\$ 8,338
Receivables	<u>53,386</u>	<u>39,040</u>	<u>47,365</u>	<u>16,411</u>
Total assets	<u>\$ 377,357</u>	<u>\$ 636,011</u>	<u>\$ 599,212</u>	<u>\$ 24,749</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - payables	<u>\$ 22,276</u>	<u>\$ -</u>	<u>\$ 2,455</u>	<u>\$ 5,797</u>
Fund balances:				
Reserved for:				
Building inspection	20,863	-	-	-
Long-term receivables	-	-	-	-
Unreserved	334,218	636,011	596,757	18,952
Unreserved reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>355,081</u>	<u>636,011</u>	<u>596,757</u>	<u>18,952</u>
Total liabilities and fund balances	<u>\$ 377,357</u>	<u>\$ 636,011</u>	<u>\$ 599,212</u>	<u>\$ 24,749</u>

Total fund balances

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Net assets of *governmental activities*



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<u>Senior Services</u>	<u>Hospital</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 1,260	\$ -	\$ 85,747	\$ 1,568,134
<u>3,380</u>	<u>4,734</u>	<u>40,473</u>	<u>204,789</u>
<u>\$ 4,640</u>	<u>\$ 4,734</u>	<u>\$ 126,220</u>	<u>\$ 1,772,923</u>
<u>\$ 4,248</u>	<u>\$ 4,734</u>	<u>\$ 145</u>	<u>\$ 39,655</u>
-	-	-	20,863
-	-	38,015	38,015
392	-	-	1,586,330
<u>-</u>	<u>-</u>	<u>88,060</u>	<u>88,060</u>
<u>392</u>	<u>-</u>	<u>126,075</u>	<u>1,733,268</u>
<u>\$ 4,640</u>	<u>\$ 4,734</u>	<u>\$ 126,220</u>	<u>\$ 1,772,923</u>
			\$ 1,733,268
			<u>844,412</u>
			<u>\$ 2,577,680</u>

See notes to financial statements

**Township of Columbia****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds**

Year ended March 31, 2008

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>
<b>REVENUES</b>				
Taxes	\$ 90,004	\$ 216,139	\$ 256,363	\$ 91,362
State grants	187,907	4,687	3,798	-
Licenses and permits	27,783	-	-	-
Charges for services	10,903	960	-	-
Interest and rentals	8,760	9,560	12,753	168
Other	14,998	-	-	-
Total revenues	<u>340,355</u>	<u>231,346</u>	<u>272,914</u>	<u>91,530</u>
<b>EXPENDITURES</b>				
Legislative	5,377	-	-	-
General government	178,242	-	-	-
Public safety	20,894	-	94,134	84,128
Public works	27,070	197,941	-	-
Health and welfare	-	-	-	-
Recreation and culture	200	-	-	-
Community and economic development	25,265	-	-	-
Capital outlay	8,887	-	24,656	-
Debt service:				
Principal	-	-	75,218	-
Interest	-	-	2,914	-
Total expenditures	<u>265,935</u>	<u>197,941</u>	<u>196,922</u>	<u>84,128</u>
<b>EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)</b>	<u>74,420</u>	<u>33,405</u>	<u>75,992</u>	<u>7,402</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(690)	-	-	-
Total other sources (uses)	<u>(690)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	73,730	33,405	75,992	7,402
<b>FUND BALANCES - BEGINNING</b>	<u>281,351</u>	<u>602,606</u>	<u>520,765</u>	<u>11,550</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 355,081</u>	<u>\$ 636,011</u>	<u>\$ 596,757</u>	<u>\$ 18,952</u>

<u>Senior Services</u>	<u>Hospital</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
18,702	26,251	7,293	\$ 706,114
-		1,347	197,739
-		-	27,783
-		-	11,863
-		2,781	34,022
-	-	29,000	43,998
<u>18,702</u>	<u>26,251</u>	<u>40,421</u>	<u>1,021,519</u>
-	-	-	5,377
-	-	-	178,242
-	-	1,498	200,654
-	-	33,362	258,373
-	26,941	1,627	28,568
18,702	-	-	18,902
-	-	-	25,265
-	-	-	33,543
-	-	29,844	105,062
-	-	1,156	4,070
<u>18,702</u>	<u>26,941</u>	<u>67,487</u>	<u>858,056</u>
<u>-</u>	<u>(690)</u>	<u>(27,066)</u>	<u>163,463</u>
-	690	-	690
-	-	-	(690)
-	690	-	-
-	-	(27,066)	163,463
<u>392</u>	<u>-</u>	<u>153,141</u>	<u>1,569,805</u>
<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 126,075</u>	<u>\$ 1,733,268</u>

See notes to financial statements

***Township of Columbia***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - *governmental funds* (Continued)**

*Year ended March 31, 2008*

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	<b><i>Total govern- mental funds</i></b>
Net change in fund balances - total governmental funds (from page 8)	\$ 163,463
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Capital outlay	93,083
Provision for depreciation	(51,071)
Long-term debt - payments	<u>105,062</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 310,537</u>

*See notes to financial statements*

*Township of Columbia*

**STATEMENT OF FIDUCIARY NET ASSETS - *Agency funds***

*March 31, 2008*

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**ASSETS**

Cash	\$ <u>1,539</u>
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**LIABILITIES**

Due to other units of government	\$ <u>1,539</u>
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*See notes to financial statements*

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Columbia, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the Township's share of highway and road preservation, maintenance and repair expenditures. Revenues are primarily derived from property taxes.

The Fire Fund accounts for the operating and capital costs of fire protection services. Revenues are primarily derived from property taxes.

The Police Fund accounts for the operating and capital costs of police service. Revenues are primarily derived from property taxes.

The Senior Services Fund accounts for support of South Haven Senior Services. Revenues are primarily derived from property taxes.

The Hospital Fund accounts for the support of operating costs of South Haven Community Hospital. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

d) *Assets, liabilities, and net assets or equity (continued):*

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Equipment	5 - 10 years
Vehicles	5 - 15 years
Roads	5 - 30 years

iv) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

v) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.



**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. Significant budget variations during the current fiscal year were as follows:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Senior Services	Recreation and culture	\$ 15,406	\$18,702	\$ 3,296
Hospital	Health and welfare	22,696	26,941	4,245

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 1,568,134	\$ 1,539	\$ 1,569,673

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2008, cash included deposits with financial institutions of \$1,569,673.

**Deposits:**

Custodial credit risk of deposits is the risk that in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2008, \$1,395,490 of the Township's corresponding bank balances of \$1,764,667 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Inter- governmental</i>	<i>Accounts</i>	<i>Loans</i>	<i>Total</i>
General	\$ 17,812	\$ 27,954	\$ 7,620	\$ -	\$ 53,386
Road	39,040	-	-	-	39,040
Fire	47,365	-	-	-	47,365
Police	16,411	-	-	-	16,411
Senior Services	3,380	-	-	-	3,380
Hospital	4,734	-	-	-	4,734
Other governmental funds	1,348	-	1,110	38,015	40,473
Totals	<u>\$ 130,090</u>	<u>\$ 27,954</u>	<u>\$ 8,730</u>	<u>\$ 38,015</u>	<u>\$ 204,789</u>
Amounts due beyond one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,015</u>	<u>\$ 38,015</u>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings and improvements	\$ 596,442	\$ -	\$ -	\$ 596,442
Vehicles	213,281	-	-	213,281
Equipment and furniture	201,920	19,566	-	221,486
Infrastructure	-	73,517	-	73,517
Subtotal	<u>965,293</u>	<u>93,083</u>	<u>-</u>	<u>1,104,726</u>
Less accumulated depreciation for:				
Buildings and improvements	(78,721)	(17,824)	-	(96,545)
Vehicles	(99,038)	(14,615)	-	(113,653)
Equipment and furniture	(59,984)	(18,479)	-	(78,463)
Infrastructure	-	(153)	-	(153)
Subtotal	<u>(192,333)</u>	<u>(51,071)</u>	<u>-</u>	<u>(288,814)</u>
Total capital assets being depreciated, net	<u>772,960</u>	<u>42,012</u>	<u>-</u>	<u>815,912</u>
Land	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Capital assets, net	<u>\$ 801,460</u>	<u>\$ 42,012</u>	<u>\$ -</u>	<u>\$ 844,412</u>

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 8,347
Public safety	41,020
Public works	<u>1,704</u>
Total	<u>\$ 51,071</u>

**NOTE 6 - PAYABLES:**

Payables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

	<u>Accounts</u>	<u>Inter- govern- mental</u>	<u>Total</u>
General	\$ 22,276	\$ -	\$ 22,276
Fire	2,455	-	2,455
Police	-	5,797	5,797
Senior Services	4,248	-	4,248
Hospital	4,734	-	4,734
Other governmental funds	<u>-</u>	<u>145</u>	<u>145</u>
Total	<u>\$ 33,713</u>	<u>\$ 5,942</u>	<u>\$ 39,655</u>

**NOTE 7 - LONG-TERM DEBT:**

Long-term debt of the Township consisted of a 4.14% \$250,000 Installment Purchase Contract, authorized under Michigan P.A. 99 of 19933, as amended. The note was issued in connection with the construction of a new fire station facility. The note is due in quarterly installments of \$5,614, including interest through July 2019. During the year ended March 31, 2008, the Township paid off the note with no prepayment penalty.

Long-term debt activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Debt issued</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Current maturities</u>
2005 4.14% \$250,000 note payable, bank	<u>\$ 105,062</u>	<u>\$ -</u>	<u>\$ (105,062)</u>	<u>\$ -</u>	<u>\$ -</u>

***Township of Columbia***  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$4,631 for the year ended March 31, 2008. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 10 - INTERFUND TRANSFERS:**

The General Fund transferred \$690 to the Hospital Fund in support of certain operating costs.

**NOTE 11 - CONSTRUCTION CODE ACTIVITY:**

The Township accounts for construction code activity within the General Fund. A summary of activity for the year ended March 31, 2008 is as follows. The unexpended balance as of year end is presented as a reservation of the fund balance of the General Fund.

Revenues	\$ 22,363
Expenses	<u>20,201</u>
Excess revenues of expenditures	2,162
Unexpended balance - beginning	<u>18,701</u>
Unexpended balance - ending	<u>\$ 20,863</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 85,010	\$ 85,010	\$ 90,004	\$ 4,994
State grants	187,000	187,000	187,907	907
Licenses and permits	24,100	24,100	27,783	3,683
Charges for services	10,910	10,910	10,903	(7)
Interest and rentals	1,000	1,000	8,760	7,760
Other:				
Special assessments	2,000	2,000	3,060	1,060
Miscellaneous	100	100	11,938	11,838
Total revenues	<u>310,120</u>	<u>310,120</u>	<u>340,355</u>	<u>30,235</u>
<b>EXPENDITURES</b>				
Legislative	<u>5,740</u>	<u>5,740</u>	<u>5,377</u>	<u>363</u>
General government:				
Supervisor	14,567	14,567	9,169	5,398
Election	8,350	8,350	819	7,531
Assessor	23,619	23,619	29,748	(6,129)
Clerk	16,295	16,295	15,356	939
Board of Review	705	705	506	199
Treasurer	19,840	19,840	18,977	863
Hall and grounds	12,134	12,134	11,610	524
Cemetery	22,768	22,768	21,688	1,080
Other	<u>103,654</u>	<u>103,654</u>	<u>70,369</u>	<u>33,285</u>
Total general government	<u>221,932</u>	<u>221,932</u>	<u>178,242</u>	<u>43,690</u>
Public safety:				
Neighborhood watch	1,500	1,500	693	807
Building inspection	<u>20,600</u>	<u>20,600</u>	<u>20,201</u>	<u>399</u>
Total public safety	<u>22,100</u>	<u>22,100</u>	<u>20,894</u>	<u>1,206</u>
Public works:				
Street lights	4,800	4,800	3,750	1,050
Transfer station	<u>26,575</u>	<u>26,575</u>	<u>23,320</u>	<u>3,255</u>
Total public works	<u>31,375</u>	<u>31,375</u>	<u>27,070</u>	<u>4,305</u>

**Township of Columbia**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Health and welfare	\$ 6,000	\$ 6,000	\$ -	\$ 6,000
Recreation and culture	8,950	8,950	200	8,750
Community and economic development:				
Planning	14,731	14,731	15,224	(493)
Zoning	14,093	14,093	10,041	4,052
Total community and economic development	28,824	28,824	25,265	3,559
Capital outlay	23,800	23,800	8,887	14,913
Total expenditures	348,721	348,721	265,935	82,786
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(38,601)	(38,601)	74,420	113,021
<b>OTHER FINANCING USES</b>				
Transfer out - Hospital Fund	(696)	(750)	(690)	60
<b>NET CHANGE IN FUND BALANCES</b>	(39,297)	(39,351)	73,730	113,081
<b>FUND BALANCES - BEGINNING</b>	281,351	281,351	281,351	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 242,054</u>	<u>\$ 242,000</u>	<u>\$ 355,081</u>	<u>\$ 113,081</u>

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 160,000	\$ 160,000	\$ 216,139	\$ 56,139
State grants	4,500	4,500	4,687	187
Charges for services	500	500	960	460
Interest	<u>1,000</u>	<u>1,000</u>	<u>9,560</u>	<u>8,560</u>
Total revenues	166,000	166,000	231,346	65,346
<b>EXPENDITURES</b>				
Public works - highways and streets	<u>375,500</u>	<u>375,500</u>	<u>197,941</u>	<u>177,559</u>
<b>NET CHANGE IN FUND BALANCES</b>	(209,500)	(209,500)	33,405	242,905
<b>FUND BALANCES - BEGINNING</b>	<u>602,606</u>	<u>602,606</u>	<u>602,606</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 393,106</u>	<u>\$ 393,106</u>	<u>\$ 636,011</u>	<u>\$ 242,905</u>



**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 243,995	\$ 243,995	\$ 256,363	\$ 12,368
State grants	50	50	3,798	3,748
Interest	<u>8,000</u>	<u>8,000</u>	<u>12,753</u>	<u>4,753</u>
Total revenues	<u>252,045</u>	<u>252,045</u>	<u>272,914</u>	<u>20,869</u>
<b>EXPENDITURES</b>				
Public safety - fire protection:				
Personnel costs	40,250	40,250	33,941	6,309
Recruitment and training	5,800	5,800	3,110	2,690
Insurance	14,500	14,500	12,691	1,809
Equipment and supplies	47,900	47,900	38,744	9,156
Occupancy	<u>7,050</u>	<u>7,050</u>	<u>5,648</u>	<u>1,402</u>
Total public safety	115,500	115,500	94,134	21,366
Capital outlay	57,450	57,450	24,656	32,794
Debt service:				
Principal	30,773	30,773	75,218	(44,445)
Interest	<u>2,914</u>	<u>2,914</u>	<u>2,914</u>	<u>-</u>
Total expenditures	<u>206,637</u>	<u>206,637</u>	<u>196,922</u>	<u>9,715</u>
<b>NET CHANGE IN FUND BALANCES</b>	45,408	45,408	75,992	30,584
<b>FUND BALANCES - BEGINNING</b>	<u>520,765</u>	<u>520,765</u>	<u>520,765</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 566,173</u>	<u>\$ 566,173</u>	<u>\$ 596,757</u>	<u>\$ 30,584</u>

**Township of Columbia****BUDGETARY COMPARISON SCHEDULE - Police Fund**

Year ended March 31, 2008

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 81,000	\$ 81,000	\$ 91,362	\$ 10,362
Interest	<u>50</u>	<u>50</u>	<u>168</u>	<u>118</u>
Total revenues	81,050	81,050	91,530	10,480
<b>EXPENDITURES</b>				
Public safety - police	<u>82,600</u>	<u>82,600</u>	<u>84,128</u>	<u>(1,528)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,550)	(1,550)	7,402	8,952
<b>FUND BALANCES - BEGINNING</b>	<u>11,550</u>	<u>11,550</u>	<u>11,550</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 18,952</u>	<u>\$ 8,952</u>

**Township of Columbia****BUDGETARY COMPARISON SCHEDULE - Senior Services Fund**

Year ended March 31, 2008

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 15,000	\$ 15,406	\$ 18,702	\$ 3,296
<b>EXPENDITURES</b>				
Recreation and culture	<u>15,000</u>	<u>15,406</u>	<u>18,702</u>	<u>(3,296)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>392</u>	<u>392</u>	<u>392</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 392</u>	<u>\$ 392</u>	<u>\$ 392</u>	<u>\$ -</u>

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Hospital Fund**  
Year ended March 31, 2008

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 22,000	\$ 21,946	\$ 26,251	\$ 4,305
<b>EXPENDITURES</b>				
Health and welfare - hospital	<u>22,696</u>	<u>22,696</u>	<u>26,941</u>	<u>(4,245)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(696)	(750)	(690)	60
<b>OTHER FINANCING SOURCES</b>				
Transfer in - General Fund	<u>696</u>	<u>750</u>	<u>690</u>	<u>(60)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Columbia**  
**COMBINING BALANCE SHEET - other governmental funds**  
 March 31, 2008

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	<u><b>Ambulance</b></u>	<u><b>Liquor Law Enforcement</b></u>	<u><b>Saddle Lake</b></u>	<u><b>Community Revolving</b></u>
<b>ASSETS</b>				
Cash	\$ 13,120	\$ 3,579	\$ 16,786	\$ 52,262
Receivables	<u>1,348</u>	<u>-</u>	<u>1,110</u>	<u>38,015</u>
Total assets	<u>\$ 14,468</u>	<u>\$ 3,579</u>	<u>\$ 17,896</u>	<u>\$ 90,277</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ -</u>
Fund balances:				
Reserved for long-term receivables	-	-	-	38,015
Unreserved, undesignated	<u>14,468</u>	<u>3,579</u>	<u>17,751</u>	<u>52,262</u>
Total fund balances	<u>14,468</u>	<u>3,579</u>	<u>17,751</u>	<u>90,277</u>
Total liabilities and fund balances	<u>\$ 14,468</u>	<u>\$ 3,579</u>	<u>\$ 17,896</u>	<u>\$ 90,277</u>

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***Total other  
governmental  
funds***

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\$ 85,747  
40,473

\$ 126,220

\$ 145

38,015  
88,060

126,075

\$ 126,220

**Township of Columbia****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - other governmental funds**

Year ended March 31, 2008

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	<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Saddle Lake</u>
<b>REVENUES</b>			
Taxes	\$ 7,293	\$ -	\$ -
State grants	-	1,347	-
Interest and rentals	491	-	95
Other revenue	<u>-</u>	<u>-</u>	<u>29,000</u>
Total revenues	<u>7,784</u>	<u>1,347</u>	<u>29,095</u>
<b>EXPENDITURES</b>			
Public safety	-	1,498	-
Public works	-	-	33,362
Health and welfare	1,627	-	-
Recreation and culture	-	-	-
Debt service - principal	29,844	-	-
Debt service - interest	<u>1,156</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>32,627</u>	<u>1,498</u>	<u>33,362</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(24,843)</u>	<u>(151)</u>	<u>(4,267)</u>
<b>OTHER FINANCING USES</b>			
Transfer in - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(24,843)	(151)	(4,267)
<b>FUND BALANCES - BEGINNING</b>	<u>39,311</u>	<u>3,730</u>	<u>22,018</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 14,468</u>	<u>\$ 3,579</u>	<u>\$ 17,751</u>



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<i><u>Community Revolving</u></i>	<i><u>Total other governmental funds</u></i>
\$ -	\$ 7,293
-	1,347
2,195	2,781
<u>-</u>	<u>29,000</u>
<u>2,195</u>	<u>40,421</u>
	1,498
-	33,362
-	1,627
-	-
-	29,844
<u>-</u>	<u>1,156</u>
<u>-</u>	<u>67,487</u>
<u>2,195</u>	<u>(27,066)</u>
<u>-</u>	<u>-</u>
2,195	(27,066)
<u>88,082</u>	<u>153,141</u>
<u>\$ 90,277</u>	<u>\$ 126,075</u>

September 16, 2008

To the Board of Trustees  
Township of Columbia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Columbia for the year ended March 31, 2008, and have issued our report thereon dated September 16, 2008. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Columbia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Township of Columbia during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

- Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

*Audit Adjustments*

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

*Other Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Columbia's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Communication Regarding Internal Control*

In planning and performing our audit of the financial statements of the Township of Columbia as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Columbia's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

- The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Columbia and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Sigfried Crandall A.C.*